

# Kool Smiles

## Facts & Background #2

Kool Smiles Has Provided Over \$8M In  
Free Care This Year.

We Would Be Proud To Introduce You To Some  
Of The Thousands Of Families Who Have  
Received Free, Quality Dental Care From Us This  
Year So You Can Balance Your Story.

*Guadalupe Segura Mata, a parent of a Kool Smiles patient in Texas who recently received free services for her daughter, says that the availability of dental care has made a tremendous difference in their lives. “This was the first time I was taking my 4-year-old daughter to a dentist and the service was exceptional. My daughter was in pain and had a hard time eating. It was painful for me, too, to see her in pain. Thanks to them, my daughter now can eat. She’s so happy and I’m happy too. I was very worried about being able to pay for the consultation because I don’t have insurance coverage, but the people at Kool Smiles told me not to worry. I was very happy for me and most importantly for my daughter. I’m very grateful for what they did for my daughter.”*

We can provide contact information for this patient and a HIPAA release, if you’d like to contact her directly. We also have several patients who have indicated interest in speaking up about the great care they received from Kool Smiles dentists.

# Methodology Overview:

## Why Track by Prophylaxis?

- The data have unique patient counts by procedure code, so a method must be used to get to an understandable count of patients going to the dentist. It was determined that the most valid way to do this was to look at dental prophylaxis, or what most people think of as the “cleaning” in their hygiene visit. These are the D1110 and D1120 CDT codes.
- This is more accurate than looking at dental exams, since if a new patient (D0150) comes back within the year (D0120), it would inaccurately be counted as two patients.
- We are happy to complete a similar analysis if provided with the data set you are referencing.

# Methodology Overview:

## Why Practices vs. Age?

The data set we were provided did not contain age data. As such, we used the best available data, which was an indicator of the practice name (using typical children's terminology).  
If provided the data you refer to, we will perform the same analysis.

# Methodology Overview:

## Why Not Crowns vs. Restorations?

Comparing crowns vs. restorations would be a false and misleading metric. That analysis would show the outlier dentists, who are likely not bundling fillings, as being the most conservative on crowns because they are doing a higher cost, less durable treatment.

In Texas, other providers billed 2.3 times the number of one-surface fillings per patient as Kool Smiles.

There are demonstrable cases where non-Kool Smiles providers are billing for several single-surface restorations for a single tooth, when they *should* be billing a single multi-surface restoration.

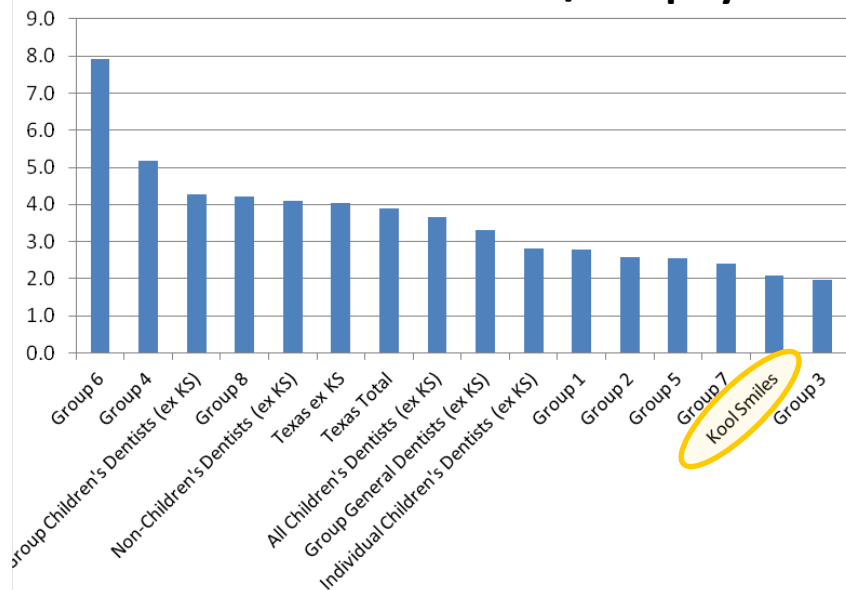
This action can cost taxpayers substantially more than a crown, *and* provides a less durable treatment alternative (according to the AAPD) for the child.

# Methodology Overview:

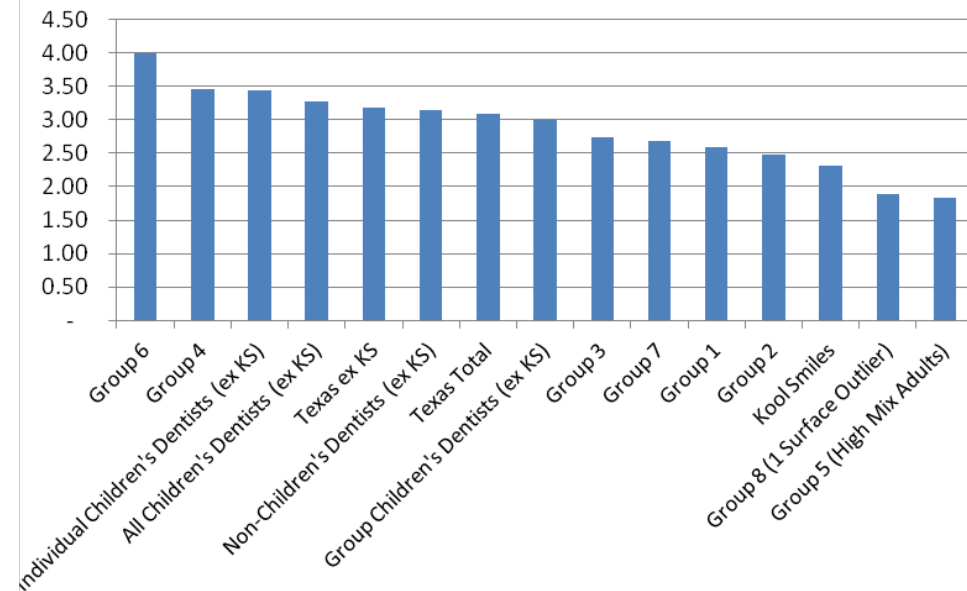
## Why Not Crowns vs. Restorations?

Kool Smiles provides fewer crowns and restorations per patient than other groups and individual dentists.

**Restorations / Propy**



**Crowns / Propy**



Data Source: Texas Medicaid FY 2011 Claims Paid Data.

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.

Analysis (56MB file) can be provided or independently confirmed.



# Methodology Overview:

## Why Not Crowns vs. Restorations (cont.)?

When measured against the best data we have available (prophylaxis indicator as patients), it clearly indicates that Kool Smiles dentists, on the whole, are more conservative than other providers (in aggregate) with respect to restorations, both fillings & crowns.

Actual Data	Restore/ Prophy	Filling/ Prophy	Crowns/ Prophy
Kool Smiles	1.49	1.94	2.31
All Other TX	1.76	3.24	3.18

Source: Texas Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophy D1110 + D1120 codes

Restorations based on D2140 D2150 D2160 D2330 D2391 D2392 D2393 D2930 D2934

# Further Data Analysis – Additional States

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- About The Data
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- Procedure Calculations
- How Kool Smiles Data Are Broken Out

# About the Data

- NCDR & Kool Smiles contractors made Freedom of Information Requests early in 2012 to try to obtain 2011 claims data from as many of our states as possible.
- The data requested were for Medicaid dental claims paid by provider and by procedure code.
- Data were successfully obtained from Kentucky, Louisiana, Mississippi, South Carolina, Texas and Virginia. Data also were received from Indiana, but they are on a summary level and do not allow for analysis on a per-provider level.
- Data are for state fiscal year 2011 for LA, SC, TX and VA. Data are for calendar year 2011 for KY and MS.
- We continue to pursue other state data, but this is our entire claims-paid data set as of June 11, 2012.
- The original intent for obtaining these data was for compliance benchmarking (ability to compare our dentists with a broader database than just our own), as well as additional market data to better understand underserved markets.

# About the Data

- The spreadsheets provide three essential numbers by procedure (CDT code) and by provider:
  - Number of unique patients receiving the CDT code
  - Total procedure count for the CDT code
  - Total reimbursement for the CDT code
- In KY and TX, all three of the above elements were present in the raw data obtained.
- In MS, SC and Virginia, reimbursement and unique patients per CDT code were received. Procedure counts were obtained by dividing total reimbursement for the CDT code by the per-procedure reimbursement rate for that CDT code. *(As a simple example – a dentist paid \$1,000 for a procedure that pays \$100 would have a procedure count of 10.)*
- In LA, unique patients and procedure count per CDT code were received. Total reimbursement was obtained by multiplying the per-procedure reimbursement rate by the procedure count for that CDT code. *(As a simple example – a dentist who performed 10 procedures that pay \$100 each would have total reimbursement for that CDT code of \$1,000)*
- KY data exclude the greater Louisville area, as we were only able to obtain the fee-for-service program data, which did not include the area administered by Passport Health Plan.

# Patient Counts and Market-Share Calculations

## Patient Counts

- The data have unique patient counts by procedure code, so a method must be used to get to an understandable count of patients going to the dentist. It was determined that the most valid way to do this was to look at dental prophylaxis, or what most people think of as the “cleaning” in their hygiene visit. These are the D1110 and D1120 CDT codes.
- This is more accurate than looking at dental exams, since if a new patient (D0150) comes back within the year (D0120), it would inaccurately be counted as two patients.
- Patient counts using D1110 and D1120 produce an 11.5% share as follows:

	Kool Smiles	Non- Kool Smiles	Total
Texas	162,554	1,645,202	1,807,756
Virginia	101,966	296,259	398,225
Miss.	35,532	140,650	176,182
SC	42,483	301,756	344,239
LA	30,532	363,168	393,700
KY	6,963	176,358	183,321
<b>Total</b>	<b>380,030</b>	<b>2,923,393</b>	<b>3,303,423</b>

## Dollar Market Shares

- This is a very basic calculation of Kool Smiles reimbursements versus total reimbursement according to the data.

# Kool Smiles Dentists Perform Fewer Procedures Per Patient, On Average, Than Do Non-Kool Smiles Dentists

## Restorations Per Patient

- This calculation looks at the number of restorative procedures done per patient. The count of procedures is based on nine codes for composite fillings, amalgam fillings and stainless steel crowns. The nine codes used are procedures commonly performed by Kool Smiles and do not include alternative restorations that Kool Smiles might not perform. Specifically, the codes are D2140, D2150, D2160, D2330, D2391, D2392, D2393, D2930 and D2934.

	Procedures	Patients	Procedures Per Patient
Kool Smiles	418,848	380,030	<b>1.10</b>
Non-Kool Smiles	5,488,325	2,923,393	<b>1.88</b>
Total	5,907,173	3,303,423	

# At Kool Smile Offices, The Cost Per Patient Was Substantially Lower Than At Non-Kool Smiles Dental Practices

## Restoration Cost Per Patient

- This calculation is done the same way as the restorations per patient, but it replaces procedure in the numerator with the dollars spent on these restorations. Again, this is based on nine codes for composite fillings, amalgam fillings and stainless steel crowns. The nine codes used are procedures commonly performed by Kool Smiles and does not include alternative restorations that Kool Smiles might not perform. Specifically, the codes are D2140, D2150, D2160, D2330, D2391, D2392, D2393, D2930 and D2934.

	Reimbursement	Patients	Cost Per Patient
Kool Smiles	\$41,616,921.70	380,030	<b>\$109.51</b>
Non-Kool Smiles	\$525,140,760.32	2,923,393	<b>\$179.63</b>
Total	\$566,757,682.02	3,303,423	

# Kool Smiles Offices Have A Lower X-Ray Cost Per Patient Than Non-Kool Smiles Offices.

## X-ray Cost Per Patient

- This calculation examines X-ray cost per patient. It is based on 10 common radiograph codes. Diagnostic imaging procedures that Kool Smiles does not perform were not included. Specifically, the codes are D0210, D0220, D0230, D0240, D0250, D0260, D0270, D0272, D0274 and D0330.

	Reimbursement	Patients	Cost Per Patient
Kool Smiles	\$15,464,328.77	380,030	<b>\$40.69</b>
Non-Kool Smiles	\$145,613,887.01	2,923,393	<b>\$49.81</b>
Total	\$161,078,215.78	3,303,423	



# Even When Compared With Offices That May Not Follow AAPD Guidelines For Stainless Steel Crowns, Kool Smiles Provides Fewer Crowns Per Patient.

## Crowns Per Patient

- This calculation is identical to the restorations per patient calculation, but only looks at stainless steel crowns (D2930) and stainless steel crowns with a white esthetic coating (D2934 – NuSmile crowns). Since many general dentists do not stock crowns or may not provide them in a way that follows AAPD guidelines, we might expect dentists that do stock them and provide them in a way that follows AAPD guidelines (such as Kool Smiles dentists) to be higher than the average.

	Procedures	Patients	Procedures Per Patient
Kool Smiles	112,752	380,030	<b>0.30</b>
Non-Kool Smiles	900,112	2,923,393	<b>0.31</b>
Total	1,012,864	3,303,423	

# How Kool Smiles Data are Broken Out

*Following are the methods and identifiers used to ensure all Kool Smiles procedures were identified in each state:*

## **Kentucky**

- Kool Smiles had three offices in Kentucky during CY2011, but only one office is in the area for which data were obtainable. Since the data do not have a group identifier, looking up Kool Smiles providers by address is the optimal way of breaking Kool Smiles out of the data. The address of the office in the data is 1301 Winchester Rd., Suite 225, Lexington, KY 40505, and all Kool Smiles dentists appear under this address.

# How Kool Smiles Data are Broken Out

## Louisiana

- Kool Smiles had seven offices in Louisiana during FY2011. Since the data do not have a group identifier, looking up Kool Smiles providers by address is the optimal way of breaking Kool Smiles out of the data. Below are LA addresses and the different combination in which they appear in the data. (Note that there was a post office address change for Lake Charles and a directional correction for Lafayette).

### Kool Smiles Office Addresses:

2001 NE EVANGELINE THRWD, LAFAYETTE, LA 70501-0000
2706 RYAN ST, LAKE CHARLES, LA 70461-4153
2820 LOUISVILLE AVE, MONROE, LA 71201-6685
3057 GENTILLY BLVD, NEW ORLEANS, LA 70122-3807
3445 GOVERNMENT ST, BATON ROUGE, LA 70806-5717
3735 JEWELLA AVE, SHREVEPORT, LA 71109-4703
6 WESTSIDE SHOPPING CTR, GRETNA, LA 70053-3640

### How they appear in the data:

2001 NE EVANGELINE THRWD
2001 NW EVANGELINE THRWD
2706 RYAN ST
2802 RYAN ST/STE 26
2820 LOUISVILLE AVE
2820 LOUISVILLE AVE/STE 100
3057 GENTILLY BLVD
3445 GOVERNMENT ST
3735 JEWELLA AVE
3735 JEWELLA AVE
6 WESTSIDE SHOPPING
6 WESTSIDE SHOPPING CENTER
6 WESTSIDE SHOPPING CTR

# How Kool Smiles Data are Broken Out

## Mississippi

- Kool Smiles had five offices in Mississippi during CY2011. Since the data do not have a group identifier, looking up Kool Smiles providers by address is the optimal way of breaking Kool Smiles out of the data. Below are MS addresses and how they appear in the data. (Note that the Tupelo office data appears under Kool Smiles' former billing address in Atlanta.)

### Kool Smiles Office Addresses:

2650 Beach Blvd., Suite 31	Biloxi	MS	39531
3720 Hardy Street, Suite #23	Hattiesburg	MS	39402
989 Ellis Avenue	Jackson	MS	39209
4463 North State Street	Jackson	MS	39206
401 S Gloster Ste 101	Tupelo	MS	38801

### How they appear in the data:

2650 BEACH BLVD SUITE 31 BILOXI MS
3720 HARDY STREET #23 HATTIESBURG MS
989 ELLIS AVE JACKSON MS
4463 NORTH STATE STREET JACKSON MS
400 GALLERIA PKWY SUITE 800 ATLANTA GA

# How Kool Smiles Data are Broken Out

## South Carolina

- Kool Smiles had six offices in South Carolina during FY2011, with three of them having opened during the fiscal year. Since the data do not have a group identifier, looking up Kool Smiles providers by address is the optimal way of breaking Kool Smiles out of the data. Below are SC addresses; they appear consistently with the below in the data:

Anderson	3112 North Main Street	Anderson
Charleston	4400 Dorchester Road Ste 108	Charleston
Columbia	5422 Forest Drive Suite 106	Columbia
Greenville	3227 W. Blue Ridge Drive	Greenville
Greenville-Mills Ave.	3 K Mart Plaza	Greenville
Sumter	1121 Broad Street, Suite 46	Sumter

# How Kool Smiles Data are Broken Out

## Texas

- Kool Smiles had 34 offices in Texas during FY2011. The Texas data do have a group identifier, so looking up all Kool Smiles dentists is easily accomplished with the group names. Following is the list of group names (and slight variations) that Kool Smiles data appears under:

DAVID M VIETH DDS A PROFESSIONAL CORPORATION
DENTISTRY OF BROWNSVILLE PC
DENTISTRY OF BROWNSVILLE PC-
DENTISTRY OF BROWNSVILLE PC-KOOL SMILES
KS2 TX PC
KS2 TX PC-
KS2 TX PC-KOOL SMILES
KS2 TX, PC-

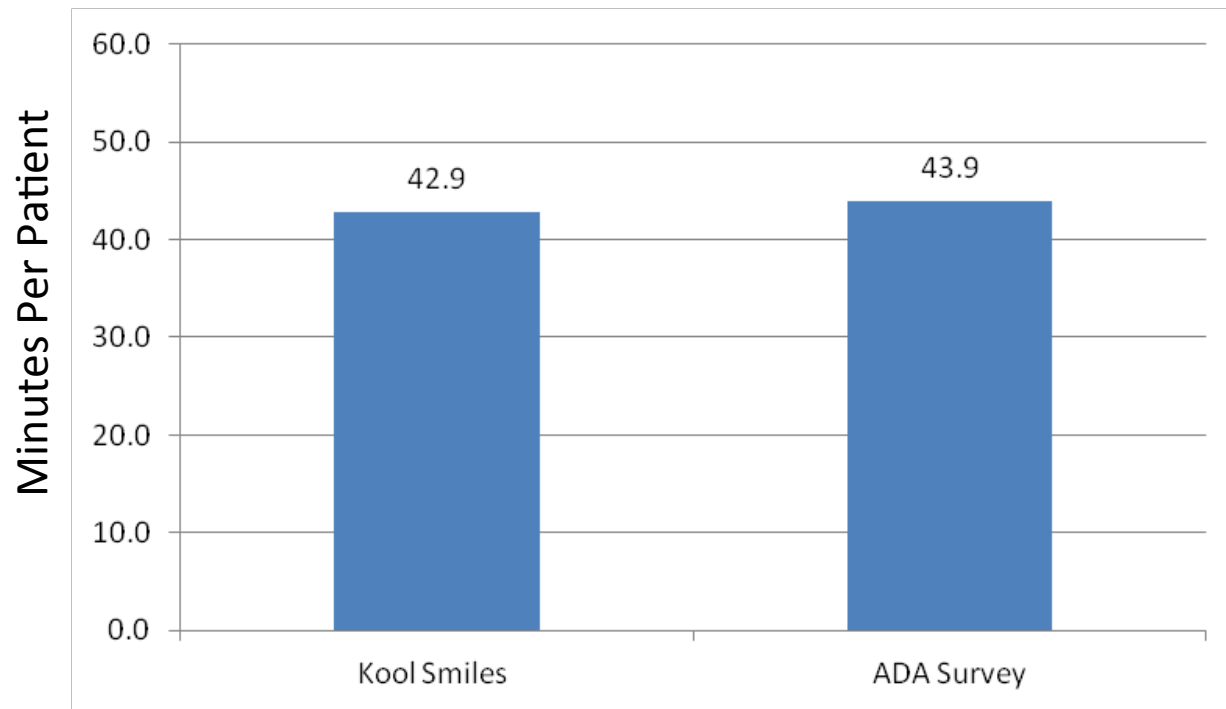
# How Kool Smiles Data are Broken Out

## Virginia

- Kool Smiles had 10 offices in Virginia during FY2011. Since the data do not have a group identifier, looking up Kool Smiles providers by address is the optimal way of breaking Kool Smiles out of the data. Below are VA addresses; they appear consistently with the below in the data:

5900 E VIRGINIA BEACH BLVD NORFOLK, VA 23502
4722 N SOUTHSIDE PLAZA ST RICHMOND, VA 23224
3824 MECHANICSVILLE TPKE RICHMOND, VA 23223
4072 VICTORY BLVD PORTSMOUTH, VA 23701
400C SOUTHPARK BLVD COLONIAL HEIGHTS, VA 23834
6537 ARLINGTON BLVD FALLS CHURCH, VA 22042
2165 CUNNINGHAM DR HAMPTON, VA 23666
4239 HOLLAND RD VIRGINIA BEACH, VA 23452
2338 E LITTLE CREEK RD NORFOLK, VA 23518
14346 WARWICK BLVD NEWPORT NEWS, VA 23602

# A Former Employee Claims That Kool Smiles Rushes Treatments, But Data Show Our Dentists Spend A Comparable Amount Of Time Per Patient As Reported By The ADA



References: Kool Smiles Cycle Time YTD 2012 of 48.6 minutes, Less Kool Smiles Wait Time March 2012 of 5.72 minutes, ADA.org: 2010 Survey Of Dental Practice – Characteristics of Private Practice and Their Patients (page 34, all specialists – best comparison as this population primarily serves pediatric patients with fewer teeth).



The data show that Kool Smiles does *fewer* restorative treatments per patient than other practices, yet our dentists spend *about the same amount of time* as an average pediatric dentist with each patient.

References: Kool Smiles Cycle Time YTD 2012 of 48.6 minutes, Less Kool Smiles Wait Time March 2012 of 5.72 minutes, ADA.org: 2010 Survey Of Dental Practice – Characteristics of Private Practice and Their Patients (page 34, all specialists – best comparison as this population primarily serves pediatric patients with fewer teeth).

# A Former Employee Claims That Kool Smiles Dentists Treat Children Without Letting Anesthetic Take Effect

That employee had a DUTY to report any situations that concerned him/her. All employees are required yearly to review and sign a compliance document that requires them to report anything they believe is against our practice guidelines.

Did this employee report the situation you allege to our Integrity Hotline, which is posted in each office? Have you verified why the employee was terminated?

Our dentists are trained on the appropriate use of anesthetic and test for its effectiveness prior to beginning a procedure. Was this former employee a dentist with similar training?

Finally, the assertion goes against common sense. If a dentist did not care about numbing a patient, why would he or she administer the anesthetic in the first place?

Frontline/CFPI: It is your responsibility to show that management willfully ignored or incited wrongdoing.

If an employee fails to report a problem or willfully covers it up, it is impossible to address the problem.

# Children Sometimes Cry When They Go To The Dentist

The very fact that the AAPD recommends several behavior-management options confirms this, as would any trip to any pediatric provider.

The decision to use protective stabilization is made between a provider and a parent when other behavior management techniques have proven ineffective, and is only done with consent.

Kool Smiles dentists use protective stabilization sparingly: less than 3% of the time. Our MA billing data demonstrate this – the rate was 2.8% overall and 3% for Fall River (2010 and 2011 billing data).

Children have accidents in day-care centers, libraries, amusement parks and at home.

There is no evidence to support that this occurs more regularly at our offices than in any other place.

# Adhering To Budgets

As a steward of taxpayer funds, we take our fiduciary responsibility very seriously and adhere closely to budgets. In a low-reimbursement environment, this is very important. Adhering to a budget is a well-understood and commonplace fiduciary requirement that we hope Frontline and CFPI, as taxpayer-supported entities, follow as well. We challenge you to name a successful organization in which the managers are not required to manage hourly employees within a budget, and could not be terminated for repeated failure to do so.

Employee hours are set based on patient volume, not revenue – which helps prevent setting hours too low to meet the needs of our patients. Appointment durations are set identically for all offices and all patients (adults are allotted more time for cleaning).

Dentists Do Not Receive Revenue, Patient  
or Procedure Targets or Scorecards.

# Regarding the “Revenue Flash”

As with all large organizations, it is important to routinely review financial metrics.

The “revenue flash” is a business report that is *not* distributed to dentists. Dentists, their procedures and individual production **cannot be identified** on the report.

Dentists are able to run a report, which they can rank in any order they please, that indicates total and average production expressed in dollars. No non-clinical employees receive, manage or discuss these reports with the clinicians. It is only created if the individual doctor elects to run the report.



# Regarding the “Doctor Procedure Report”

*“There is an urgent and profound need to develop and implement quality metrics across all provider types to ensure that care provided is both necessary and comprehensive.”*

- CDHP Pediatric Dental Medicaid performance Policy Brief 6/20/12 (attached to email). Burton L. Edelstein DDS MPH, Professor of Dental Medicine and Health Policy & Management, Columbia University and Founding Chair of the Children’s Dental Health Project.

Kool Smiles Uses Quality Metrics, As Developed In  
The “Doctor Procedure Report”, To Drive Our  
Industry-Leading Quality and Compliance Program.

# Regarding the “Doctor Procedure Report” Tracking Dental Procedures Assures Quality Dentistry And Triggers Audits

Our clinical leaders would have been proud to review our compliance and auditing program with you. One of the reports used is the “Doctor Procedure Report,” which was designed to identify dentists who are providing care that may be below the standard of care, specifically to trigger an audit to assure care was provided in accordance with AAPD and ADA guidelines. As part of that ongoing quality assurance effort, crowns and quads completed are monitored on behalf of clinical leaders. No non-clinical employees receive, manage or discuss these reports with the clinicians.

# Regarding The “Daily Production Rate”

There is no report titled, or similarly titled to “Daily Production Rate”. We do provide information to individual dentists that enables them to determine their individual production for compensation purposes. As we have told Frontline and CFPI, dentists are eligible to receive variable compensation if they meet or exceed quality and compliance standards.

Once met, this metric is used to compute their wages. This is not a metric that is produced daily, it is computed on a “per day” basis. Days worked are tracked to calculate individual compensation as we offer our dentists different schedules (4 or 5 day) and paid time off (vacation, bereavement, sick time).

Like any organization, we must use math & metrics to calculate wages. Our base salary and variable compensation model is more conservative than the traditional fee-for-service dental environment.

# Why Dentists Can Be Terminated

As we shared by providing you with our dentist agreements, we are an at-will employer (as are many employers). This means that both the employee and the employer can terminate the employment relationship at any time, for any reason.

As any reasonable employer would do, we attempt to retain staff who provide the highest quality care, and work to improve (or terminate, if necessary) those whose performance does not meet our standards.

We believe every person deserves a  
dentist.